



Committee On Finance

Max Baucus, Ranking Member

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**Statement of U.S. Senator Max Baucus
United States Senate Finance Committee Hearing
“The Future of Medicaid: Strategies for Strengthening American’s Vital Safety Net”**

Thank you, Chairman Grassley, for holding this important hearing. Medicaid’s importance as a safety net program in our health care system can’t be overstated. And yet this critical program is often overlooked.

Aside from shutting down some abuses in the program, Congress hasn’t spent much time debating Medicaid changes in recent years. Little attention has been paid to long-term reforms necessary to maintain Medicaid’s viability for future generations. Today, our nation’s governors will share their views on this vital safety net. As stewards of state Medicaid programs, their voice is critical.

Absent Congressional action on Medicaid, states have sought changes through aggressive use of the 1115 waiver authority. This authority was designed to allow demonstrations and experimentation. But states – with HHS’ permission -- have used waivers to make wholesale reforms. So I am glad that Congress has entered the debate. Greater legislative oversight is long overdue.

But it concerns me that we discuss Medicaid today in the shadow of a budget that may cut \$10 billion over 5 years from the program. I voted against the budget and am uncomfortable with substantial cuts to Medicaid. The governors have done some difficult work to find consensus on Medicaid reforms, and I commend them for that.

The National Governors Association’s (NGA) plan recommends reforming pharmacy payments. I agree that reforms are needed. And we must ensure that the states receive appropriate savings from manufacturers.

I also agree that Medicaid should be reserved for the neediest among us. It should not become a program for those who can hire clever estate planners to maneuver their assets and qualify for Medicaid.

NGA is right to consider ways to increase private investment in long term care, particularly as we debate other aspects of retirement security, including pensions and Social Security. And I agree that Medicaid should encourage quality improvement.

But I am concerned about some of the specifics of NGA’s proposal, starting with cost-sharing. Onerous cost-sharing requirements can harm access to care. While personal responsibility is important, we should not place unduly high barriers to access through changes in cost-sharing.

Governor Warner, you recognized that cost-sharing for CHIP in Virginia could undermine access to care for needy children and you stopped that policy. The studies I have seen suggest that increasing cost-sharing can undermine access to care. We need good evidence that access won't be compromised before going down this road.

On benefit flexibility, I do not believe that access to primary care -- without appropriate access to specialists or hospital care -- constitutes proper coverage. Nor do I believe that fundamental aspects of Medicaid should be waived. That's why I have pushed legislation to prevent abuse of the 1115 waiver authority.

Finally, the NGA proposal recommends judicial reforms that appear to undermine the very nature of Medicaid's federal-state partnership. We should be very careful about making changes here.

Mr. Chairman, I am glad we are having this hearing. Welcome to our distinguished governors, NGA Chair and Vice Chair, Governor Huckabee and Governor Warner. I also look forward to hearing from other witnesses, who have a wide range of views on Medicaid.

Before closing, let me raise one other topic: TANF. At the end of June, the 9th extension of current law will expire and a 10th extension will be needed. The Finance Committee has passed a bipartisan bill supported by both the Chair and Ranking Member. I commend the Chairman for his efforts.

Yet there are no plans for floor action. I know that Chairman Grassley shares my sense of frustration. As governors who administer state TANF programs, you must also be frustrated. And I assume you would not support moving TANF through the budget reconciliation process.

Thank you again, Mr. Chairman, for holding this hearing. I am glad for the opportunity to closely examine our health care safety net. I look forward to the discussion.

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